

Willamette Towers HOA Board of Directors Board Meeting
Wednesday, 28 January, 2015
5:00 PM, Willamette Towers Office

Board Members Present:

Dan Solitz, Chair
Rick Lowen, Treasurer
Jean Kern, Secretary
Dan Hardt

BMC:

Diane Sollinger

Present:

Jeff Ryder
Jeanne-marie Moore
Luther Greulich
Douglas Beauchamp

INTRODUCTIONS: Douglas Beauchamp stated delight with elevator completion and complimented Tom Weaverling's attention to hallway cleanliness making building entrance/ exiting that much nicer. He praised the work that both Tom Weaverling and Celina Lawrence are doing for Willamette Towers. He stated concerns regarding the earthquake insurance; paying for it in dues without a good analysis and the lack of clarity in the fine print deductions.

Jeff Ryder's question regarding the annual meeting allowed further confirmation that the date for Willamette Towers HOA BOD annual meeting has been set for Tuesday, 24 February at 7 PM.

REVIEW AGENDA: Request to pull staff request for camera was honored.

APPROVAL OF 2014-12-30 MINUTES: Amended minutes were approved.

TREASURER'S REPORT: Good news: the one unit that has been behind for over a year has been totally caught up by the new owner: \$4,600.00 pays all back assessments. Thank you to Diane Sollinger for all of her efforts towards this outcome. January 2015 HOA dues have also been paid for this unit.

The 6 people owing any moneys are all fees, not assessments; i.e. move in. move out fees, 'smoking dogs' fees, etc.

No moneys were put in reserve; they were used towards the boiler payment.

The Board unanimously approved Rick Lowen's treasurer's report after Jean Kern's motion was seconded by Dan Hardt.

EARTHQUAKE INSURANCE: There continue to be many questions regarding earthquake insurance on the WT building: the deductible is what % of the entire coverage; how will the large deductible be divided up among the unit owners and common areas; what will each owner be able to walk away with; do we have to come up with the deductible in order to walk away with anything?; in the event of loss or damage, can it be the individual owners' option to opt for a cash settlement 60 days post loss; minimal damage demands deductible needs to be met prior to payout.

Tony Core, the State Farm agent WT is working with, sent an email stating:

"In the event of loss or damage to Covered Property under this Policy,

A. At Our option, We will either:

1. Pay the value of the damage Covered Property; or

2. Pay the cost of repairing, rebuilding or replacing with other property of like kind and quality the damaged Covered Property, subject to Paragraph B of this Article.

B. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

C. We will give You notice of Our intentions within 60 days after We receive Your sworn proof of loss

D. We will not pay You more than Your financial interest in the Covered Property.”

It sounds like it is at their discretion, but what insurance company would rather go through an entire claims process instead of just writing a check? As long as it is not at a disadvantage to the insurance company, then I think they would likely take that option if you requested it.

So I just received the numbers back from the carrier for all of the options. All of these options have the Earthquake Sprinkler Leakage endorsement included.

For a \$20,184,965 Total Insured Value (The original amount I quoted) it would cost:

5% Ded. - \$28,119.88 Annually

10% Ded. - \$23,795.66 Annually

15% Ded. - \$20,490.35 Annually

For a \$30,000,000 Total Insured Value that you requested it would cost:

5% Ded. - \$41,395.35 Annually

10% Ded. - \$35,155.05 Annually

15% Ded. - \$30,244.65 Annually

Also, I wanted to confirm after our meeting how the deductible works. The underwriter had originally told me that this policy's deductible was the percentage of the damage done with a minimum of \$25,000 in damage before deductible applies. After the underwriter brought up the deductible again in conversation I thought this deductible policy was strange because all of the other Earthquake deductibles are the full percentage of the building amount before coverage applies. When I read the policy myself, the underwriter was incorrect, and it is the full deductible percentage of the building amount before coverage kicks in. So if you went with the 30,000,000 in coverage and the 5% deductible, if there was a loss, you guys would be responsible for the first 1.5 million and the insurance company would pay the other 28.5 million in coverage. Please let me know if that doesn't make sense.

Attached is also the wording on the replacement. This is a replacement cost policy, so as the attached endorsement details, they will pay up to the policy limit to replace the structure with like kind and quality materials.

REPLACEMENT COST ENDORSEMENT FORM 500

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

I. **Article VIII - Valuation** is deleted and replaced with the provisions contained in this Endorsement.

II. Valuation

A. We shall not pay more than the Replacement Cost (without deduction for depreciation) of the Covered Property at the time of loss. The loss or damage shall be ascertained or estimated according to such Replacement Cost value, but in no event shall such amount exceed what it would then cost to repair or replace the Covered Property with material of like kind and quality, nor the amount for which You may be liable.

B. We and You may agree to settle claims for loss or damage covered by this insurance on an Actual Cash Value basis instead of on a Replacement Cost basis. In the event that We and You elect to have loss or damage settled on an Actual Cash Value basis, You may, at a later date, make a claim for the coverage on the basis of this Replacement Cost Endorsement if You notify Us of Your intent to do so within 180 days after the loss or damage to the Covered Property.

C. We will not pay more for loss or damage to Covered Property on a Replacement Cost basis than the lesser of:

1. Our Limit of Insurance applicable to the damaged Covered Property; or
2. The cost to repair or replace, at the same location, the damaged Covered Property with other property:
 - a. Of comparable material and quality; and
 - b. Used for the same purpose;
3. Or the amount You actually spend that is necessary to repair or replace the damaged Covered Property.

D. Notwithstanding the foregoing, in the event You elect to not repair, restore or replace the damaged Covered Property, or You do not commence the repairs, restoration or replacement of the damaged Covered Property within a reasonable period of time (which in no event shall be greater than 18 months from the date of the loss causing the damage to the Covered Property), then this Replacement Cost coverage shall not apply but rather the provision of Article VIII of the Policy shall apply. Additionally, this Replacement Cost coverage does not apply to the property itemized immediately below; rather, the provisions of Article VIII of the Policy shall apply:

Page 2 of 2 **ICAT DICNA 500 (10 06)**

1. Property of others.
2. Contents of a residence.
3. Manuscripts.
4. Works of art, antiques or rare articles, including but not limited to etchings, pictures, statuary marble, bronzes, porcelain, and bric-a-brac.
5. Stock.

All other terms and conditions of this Policy remain.

Continuing discussion included the following questions and suggestions: 1) would \$20 million cover this building; 2) getting a replacement insurance quote and legal advice; 3) getting our insurance agent to help with the discussion, including an invitation to speak at our annual meeting; 4) asking a WT resident lawyer to consider looking at the contract.

When asked if the Board should even be considering adding earthquake insurance to the HOA dues, Dan Solitz reminded everyone that it is the Board's fiduciary responsibility.

Rick Lowen is collecting scenarios and questions needing clarification and answers for the upcoming 24 February annual meeting. Send any you have to him at least a week prior to the annual meeting: 24 February, 2015.

COMMITTEE REPORTS-POLICY: Susan Connolly presented a \$19.80 Kinko's copying bill for reimbursement in conjunction with the 17 policies, delivered in packets to the Board. Jean Kern will make the policies into a small booklet packet for residents, real estate agents, renters, and as annual meeting handouts. Dan Solitz will make a PDF copy electronically available. Susan Connolly asked that everybody, including staff, Bennett, WT HOA BOD members, get rid of old, now out of date, policies.

BOILER REPLACEMENT/ASBESTOS/STORM WATER DRAINAGE: Luther Greulich reported that the first phase has begun; the abatement pad is in place; Tom Weaverling is working on the electrical. Dan Solitz stated that research was being done regarding valve gut vs whole valve replacement; if possible that would incur a substantial saving.

Luther Greulich also noted that the trim was loose on the elevator. Diane Sollinger added his concerns to her list. Jeanne-marie Moore and John Rose noted that the north elevator door was not sounding good.

WEB POLICY AVAILABILITY STATEMENT: Jeanne-marie Moore noted realtors' disappointment regarding its coming down. It is costing \$600.00 annually, excluding the hosting fee. Dan Solitz asked about the possibility of finding a volunteer web master, and paying \$400.00 for hosting. Douglas Beauchamp noted that it is cost beneficial to have an internet presence. A number of hosting groups were suggested, i.e. Google Groups, for research. Giny Landgreen stated that action grams report/ responses were good. John Rose added that time and training of office staff is key to making this happen on a continuing basis. Other opinions shared noted the need for a task meeting to brain storm the hows and whys of WT's future web presence; that while it has been created, its use is unclear; that currently it seems largely informational; that ideas for its contents are going in too many directions.

Douglas Beauchamp, Jeff Ryder, John Rose and Jeanne-marie Moore were tasked by the Board to present a procedure plan for a WT web site at the first planning meeting in March.

LAW SUIT: Tony Core tried to get clarification on insurance cancellation but hasn't heard back.

ANNUAL MEETING: Rick Lowen will forward the agenda to Diane Sollinger; update last year's notice with current date. In the packet will be 1) the notice, 2) a proxy; 3) the agenda, 4) the minutes from last year's meeting, emailed from Rick Lowen to Diane Sollinger.

BMC REPORT: 401 to be fined for toileting dog on the property.

Regarding the elevator, a punch list has been forwarded to Jay Barber. The Board agreed with Diane Sollinger's suggestion to release \$33,000 for the October OTIS payment, leaving two more payments amounting to \$22,000.00 to hold until all items on the punch list have been satisfactorily completed.

707 has 3 issues: 1) mold, 2) cockroaches, 3) windows. The owner-bank is not moving quickly on restoration. Mold remediation, costing \$1,800.00, has been done by WT/ Bennett and that bill will be forwarded to the owner-bank for reimbursement. Window people were here this afternoon, reporting that the window was hold in place by the latch, only.

701 continues to have a cracked window.

The arborvitae were installed today.

507 has declared one of the dogs is a service animal. At the Board's direction, Bennett is requesting documentation of the disability of the person needing the service animal and how this particular service dog matches that disability. It was noted that a service animal cannot be counted as a 'dog' when restricting tenants to a two dog limit per unit. Still requesting a documentation deadline with February compliance.

Smoking continues to be a challenge within now smoke-free Willamette Towers. Dan Hardt noted that the City of Eugene has a \$1,200.00 fine in place for throwing cigarette butts on the street. The staff was directed to send a warning letter outlining future fees for continued smoking on WT premises to 701. It was mentioned again, that people need to complain to get response; that action grams get action.

NEXT MEETING DATES: Planning Meeting: Tuesday, 10 February, 2015

Annual WT HOA BOD Meeting: Tuesday, 24 February, 2015 at 7 PM

ADJOURN: 6:05 PM